

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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*Community Services Block Grants (CSBG): Funding and  
Reauthorization*

Karen Spar, Domestic Social Policy Division

October 14, 2008

**Abstract.** In 2006, the Government Accountability Office (GAO) faulted HHS for weak oversight of CSBG and recommended greater monitoring of states and targeting of technical assistance funds. HHS took steps in response to GAO, although the Senate Appropriations Committee criticized HHS recently (S.Rept. 110-410) for failing to report on its progress and for not implementing a training and technical assistance needs assessment and delivery plan as directed earlier by the committee.

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# CRS Report for Congress

## Community Services Block Grants (CSBG): Funding and Reauthorization

Updated October 14, 2008

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Prepared for Members and  
Committees of Congress

# Community Services Block Grants (CSBG): Funding and Reauthorization

## Summary

Community Services Block Grants (CSBG), administered by the Department of Health and Human Services (HHS), provide federal funds to states, territories, and tribes for distribution to local agencies for activities to reduce poverty. Small related programs — Community Economic Development, Rural Community Facilities, Job Opportunities for Low-Income Individuals (JOLI), and Individual Development Accounts (IDAs) — also provide grants for anti-poverty efforts. CSBG and some of these related activities trace their history to the War on Poverty of the 1960s.

The Bush Administration proposed for four consecutive years (including in its budget request for FY2009) to eliminate funding for CSBG, arguing that the program did not award grants competitively or hold grantees accountable for program results. The Administration also proposed to end funding for related activities, except for IDAs. Despite the request for zero funding in FY2008, Congress passed a measure (P.L. 110-161) that provided \$654 million for the CSBG (a \$24 million increase over the previous year) and generally maintained all related activities at their previous levels, with a 16% increase for Community Economic Development.

The Senate Appropriations Committee again rejected the Administration's proposal to zero-out CSBG for FY2009, reporting a spending bill that would have maintained CSBG and all related activities at their FY2008 levels, with a small increase for Rural Community Facilities (S. 3230). The House Labor-HHS-Education Appropriations Subcommittee approved increases for CSBG and most related activities for FY2009, but the full House Appropriations Committee failed to complete action on the FY2009 funding bill. On September 30, 2008, President Bush signed into law a government-wide continuing resolution (P.L. 110-329) that maintains funding for CSBG and related programs at their FY2008 levels through March 6, 2009.

In contrast to its more recent actions, the House Appropriations Subcommittee approved a one-third reduction for CSBG for FY2007, although the full committee subsequently boosted this amount slightly (H.R. 5647, 109<sup>th</sup> Congress). No final action occurred on FY2007 appropriations, however, and all programs were maintained at their previous year's funding levels under a full-year continuing resolution (P.L. 110-5).

Although Congress has continued to provide funding for CSBG and related activities, legislative authority for these appropriations expired with FY2003. No reauthorization legislation has been introduced in the 110<sup>th</sup> Congress.

In 2006, the Government Accountability Office (GAO) faulted HHS for weak oversight of CSBG and recommended greater monitoring of states and targeting of technical assistance funds. HHS took steps in response to GAO, although the Senate Appropriations Committee criticized HHS recently (S.Rept. 110-410) for failing to report on its progress and for not implementing a training and technical assistance needs assessment and delivery plan as directed earlier by the committee.

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# Community Services Block Grants (CSBG): Funding and Reauthorization

## Recent Developments

**FY2009 Funding.** For four consecutive years, including for FY2009, the Bush Administration proposed to terminate funding for the Community Services Block Grant (CSBG), arguing that the program lacked performance measures and failed to hold grantees accountable for program results. The Administration noted that the program received a “Results Not Demonstrated” rating in a 2003 PART assessment,<sup>1</sup> but also stated that as a result of this assessment, efforts were underway to improve program administration, accountability, and outcomes.

Also as part of its FY2009 budget request, the Administration proposed no new funding for Community Economic Development and Rural Community Facilities, claiming they were similar to existing programs in other federal agencies. In its FY2009 budget justifications, the Department of Health and Human Services (HHS) said the zero funding request reflected the Administration’s effort to target funds more effectively. The Administration also requested no funds for a third CSBG-related program, Job Opportunities for Low-Income Individuals (JOLI), citing duplication with activities that states can conduct under the Temporary Assistance for Needy Families (TANF) block grant. On the other hand, the Administration requested \$24 million in FY2009 for a fourth related program, Individual Development Accounts (IDA), which was approximately that program’s funding level in FY2008. (For details, see “Administration Proposals,” later in this report.)

The Senate Appropriations Committee on July 8, 2008, reported an appropriations bill for the Departments of Labor-HHS-Education in FY2009 (S. 3230), which would have rejected the Administration’s request to zero-out CSBG and most related activities. The committee-reported bill would have maintained CSBG and related activities at their FY2008 levels, except for Rural Community Facilities, which would have received a small increase. In reporting its bill, the Senate committee noted the “importance of Community Action Agencies [local entities that receive CSBG funds] as institutions that organize low-income communities to identify emerging challenges to economically insecure Americans and subsequently mobilize the resources, programs, and partnerships needed to address local poverty conditions” (S.Rept. 110-410). At the same time, the Senate committee faulted HHS for failing to report on progress made in correcting certain program oversight deficiencies identified by the Government Accountability Office (GAO) and for not implementing a needs assessment and delivery plan for training

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<sup>1</sup> Program Assessment Rating Tool; for background, see CRS Report RL32663, *The Bush Administration’s Program Assessment Rating Tool (PART)*, by Clinton Brass.

and technical assistance as previously directed by the committee. (For more details on the GAO recommendations and HHS response, see “Government Accountability Office Review” later in this report.)

The House Labor-HHS-Education Appropriations Subcommittee approved a funding bill for FY2009 on June 19, 2008, but the full House Appropriations Committee did not complete action on this bill when it subsequently met on June 26. The draft committee report on the subcommittee-approved bill said that “CSBG is more important than ever, with unemployment and poverty increasing due to the struggling economy and the number of low-income individuals and families in need of assistance rising as a consequence.”<sup>2</sup> The subcommittee approved increases for CSBG, Community Economic Development and Rural Community Facilities, and recommended level funding for remaining related activities.

The 110<sup>th</sup> Congress did not finalize action on a Labor-HHS-Education spending bill for FY2009, and on September 30, President Bush signed into law a government-wide continuing resolution (P.L. 110-329) that maintains funding for CSBG and related programs at their FY2008 levels through March 6, 2009. (For more details on the appropriations process for FY2009, see “Recent Appropriations History,” later in this report.)

**Reauthorization.** In each of its budget submissions starting with the FY2006 request, the Bush Administration stated that it was no longer seeking reauthorization of CSBG and related activities. The funding authorization for these programs (except JOLI) expired at the end of FY2003, although Congress has generally continued to fund them each year. Included in President Bush’s FY2006 budget request was a proposed “Strengthening America’s Communities Initiative” (SACI), which would have eliminated 18 existing community and economic development programs, including CSBG and several of the related national activities, and replaced them with a new program administered by the Commerce Department. This initiative was rejected, and a modified version was proposed as part of the FY2007 budget. However, the modified SACI proposal was no longer viewed as a successor to the CSBG. (For further information on the President’s initiative, see “Administration Proposals,” later in this report.)

In the 109<sup>th</sup> Congress, Representative Osborne introduced H.R. 341, the Improving the Community Services Block Grant Act, which would have amended and reauthorized the CSBG and related activities in their current form through FY2012. No action occurred on this bill. (For details of H.R. 341, see “Reauthorization,” later in this report.) No legislation has been introduced in the 110<sup>th</sup> Congress that would reauthorize the CSBG.

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<sup>2</sup> Unnumbered draft House Appropriations Committee report, reflecting actions of the Subcommittee on Labor-HHS-Education on the FY2009 spending bill: [<http://www.cq.com/flatfiles/editorialFiles/budgetTracker/reference/docs/20080626lhreport.pdf>].

## Background

Administered by the Department of Health and Human Services (HHS), the Community Services Block Grant (CSBG) program provides federal funds to states, territories and Indian tribes for distribution to local agencies in support of a variety of antipoverty activities. The origins of the Community Services Block Grant date back to 1964, when the Economic Opportunity Act (P.L. 88-452; 42 U.S.C. § 2701) established the War on Poverty and authorized the Office of Economic Opportunity (OEO) as the lead agency in the federal antipoverty campaign. A centerpiece of OEO was the Community Action Program, under which a nationwide network of local Community Action Agencies (CAAs) was developed. A key feature of Community Action is the direct involvement of low-income people in the design and administration of antipoverty activities, through mandatory representation on the CAAs' governing boards. Currently, at the local level, CAAs are the primary grantees of the CSBG.

In 1975, OEO was renamed the Community Services Administration (CSA), but remained an independent executive branch agency. In 1981, CSA was abolished and replaced by the CSBG, to be administered by HHS. At the time CSA was abolished, it was administering nearly 900 CAAs, about 40 local Community Development Corporations, and several small categorical programs that were typically operated by local CAAs. The CSBG Act was enacted as part of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35, Title VI, Section 671; 42 U.S.C. § 9901) as partial response to President Reagan's proposal to consolidate CSA with 11 other social service programs into a block grant to states. Congress rejected this proposal and instead created two new block grants, the Social Services Block Grant, under Title XX of the Social Security Act, and the CSBG, which consisted of activities previously administered by CSA. The CSBG Act was reauthorized in 1984 under P.L. 98-558, in 1986 under P.L. 99-425, in 1990 under P.L. 101-501, in 1994 under P.L. 103-252, and in 1998 under P.L. 105-285. The authorizations for CSBG and most related programs expired in FY2003. Reauthorization legislation was passed by the House and Senate during the 108<sup>th</sup> Congress but not enacted. Similar legislation was introduced in the 109<sup>th</sup> Congress but not considered, and CSBG remains an agenda item in the 110<sup>th</sup> Congress.

Several related national activities — Community Economic Development, Rural Community Facilities, Job Opportunities for Low-Income Individuals (JOLI), and Individual Development Accounts (IDAs) — also offer grants to assist local low-income communities with economic development, rural housing and water management, and asset development for low-income individuals, among other services. These activities are administered at the federal level by the same Office of Community Services at HHS that administers the CSBG, and in some cases, are also authorized by the CSBG Act. Prior to FY2006, national activities that received separate appropriations also included the National Youth Sports and Community Food and Nutrition programs.



## The Block Grant

**Use of Funds.** CSBG funds are used for activities designed to have a “measurable and potentially major impact on causes of poverty.” The law envisions a wide variety of activities undertaken on behalf of low-income families and individuals, including those who are welfare recipients, homeless, migrant or seasonal farm workers, or elderly. States must submit an application and plan to HHS, stating their intention that funds will be used for activities to help families and individuals achieve self-sufficiency, find and retain meaningful employment, attain an adequate education, make better use of available income, obtain adequate housing, and achieve greater participation in community affairs. In addition, states must ensure that funds will be used to address the needs of youth in low-income communities; coordinate with related programs, including state welfare reform efforts; and ensure that local grantees provide emergency food-related services.

**Local Delivery System.** States are required to pass through at least 90% of their federal block grant allotments to “eligible entities” — primarily (but not exclusively) Community Action Agencies (CAAs) that had been designated prior to 1981 under the former Economic Opportunity Act. The distribution of these funds among local agencies is left to the discretion of the state, although states may not terminate funding to an eligible entity or reduce its share disproportionately without determining cause, after notice and an opportunity for a hearing. There are more than 1,000 eligible entities around the country, the majority of which are private nonprofit organizations. Many of these organizations contract with others in delivering various services. Once designated as an eligible entity for a particular community, an agency retains its designation unless it voluntarily withdraws from the program or its grant is terminated for cause. Eligible entities are monitored within a systematic schedule; return visits are made when goals are not met. In designating new or replacement entities, states may select a public agency only when no qualified private nonprofit organization is available, in accordance with the 1998 CSBG amendments.

Local activities vary depending on the needs and circumstances of the local community. Each eligible entity, or CAA, is governed by a board of directors, of which at least one-third are representatives of the low-income community. Under the 1998 amendments to the CSBG Act, low-income board members must live in the community that they represent. Another third of the board members must be local elected officials or their representatives, and the remaining board members represent other community interests, such as business, labor, religious organizations, and education. A public entity must either have a governing board with low-income representation as described above, or another mechanism specified by the state to assure participation by low-income individuals in the development, planning, implementation and evaluation of programs.

There is no typical CAA, since each agency designs its programs based on a local community needs assessment. Examples, however, of CSBG-funded services include emergency assistance, home weatherization, activities for youth and senior citizens, transportation, income management and credit counseling, domestic violence crisis assistance, parenting education, food pantries, and emergency shelters. In addition, local agencies provide information and referral to other community

services, such as job training and vocational education, depending on the needs of individual clients.

**State Role.** At the state level, a lead agency must be designated to develop the state application and plan. As noted above, states must pass through at least 90% of their federal CSBG allotment to local eligible entities. States also may use up to \$55,000 or 5% of their allotment, whichever is higher, for administrative costs. Remaining funds may be used by the state to provide training and technical assistance, coordination and communication activities, payments to assure that funds are targeted to areas with the greatest need, supporting “asset-building” programs for low-income individuals (such as Individual Development Accounts, discussed later), supporting innovative programs and activities conducted by local organizations, or other activities consistent with the purposes of the CSBG Act. In addition, as authorized by the 1998 amendments, states may use some CSBG funds to offset revenue losses associated with any qualified state charity tax credit.

**Allocation of Funds.** Of funds appropriated annually under the CSBG Act, HHS is required to reserve 1.5% for training and technical assistance and other administrative activities, and half of this set-aside must be provided to state or local entities. In addition, 0.5% of the appropriation is reserved for outlying territories (Guam, American Samoa, the Virgin Islands, and the Northern Mariana Islands). The law further requires that 9% of the total appropriation be reserved for certain related activities, which are described below, and that the remainder be allocated among the states. In practice, however, Congress typically specifies in annual appropriations laws exactly how much is to be made available for the block grant and each of the related activities. Block grant funds are allotted to states (including Puerto Rico) based on the relative amount received in each state, in FY1981, under a section of the former Economic Opportunity Act. HHS may allow Indian tribes to receive their allotments directly, rather than through the state.

## CSBG Program Data

The *Community Services Block Grant Statistical Report FY2007* is based on responses from 50 states, the District of Columbia, and Puerto Rico to a survey administered by the National Association for State Community Services Programs.<sup>3</sup> According to a fact sheet on this survey (the most recent made available), the nationwide CSBG network spent more than \$11.2 billion in FY2007; these funds came from all sources, including federal, state, local, and private. Of this total, \$578 million came from the federal block grant. For each CSBG dollar spent, the survey found that \$18.40 in other (non-CSBG) federal, state, local and private resources were spent. Excluding other non-CSBG federal spending, each CSBG dollar generated \$5.59 in state, local, and private spending. In addition, volunteers provided almost 46 million hours of support to the CSBG network. Almost all counties in the United States — 99% — were served by a CSBG-eligible entity.

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<sup>3</sup> *Highlights from the FY2007 Community Services Block Grant Information System (CSBG/IS) Survey Statistical Report*, National Association for State Community Services Programs, Washington, DC; available at [<http://www.nascsp.org/documents/FY2007CSBGISHighlights.pdf>].

According to this survey, the CSBG network provided services to more than 16.2 million individuals in more than 6.4 million low-income families in FY2007. More than 3 million families served had incomes below the federal poverty guidelines, and nearly 1.4 million were “severely poor,” with incomes at or below 50% of poverty. More than 1.7 million families were “working poor” and relied on wages or unemployment insurance, while more than 1.2 million families included a family member who was a retired worker. More than 384,000 families were TANF recipients, and more than 1.3 million families were headed by a single mother.

## Related Activities

In addition to the block grant itself, the CSBG Act authorizes several related national activities that are administered through the Office of Community Services within HHS. Also, two other programs that are not directly authorized by the CSBG Act, the Job Opportunities for Low-Income Individuals and Individual Development Accounts, are administered by the Office of Community Services and are included in the six separate activities described below. Funding authorization for all these activities (except JOLI) expired at the end of FY2003; however, Congress has continued to fund them, with some recent exceptions (see **Table 1**).

**Community Economic Development.** The Community Economic Development program helps support local community development corporations (CDCs) to generate employment and business development opportunities for low-income residents. Projects must directly benefit persons living at or below the poverty level and must be completed within 12 to 60 months of the date the grant was awarded. Preferred projects are those that document public/private partnership, including the leveraging of cash and in-kind contributions; and those that are located in areas characterized by poverty, a Temporary Assistance for Needy Families (TANF) assistance rate of at least 20%, high levels of unemployment or incidences of violence, gang activity, and other indicators of socioeconomic distress.

During FY2007, HHS supported 45 grants, of which all were new starts, plus six contracts and two interagency agreements, according to agency budget documents. For FY2008, the Department expected to support 53 grants, of which one was a continuation of an existing grant and the rest were new starts, plus five contracts and two interagency agreements. HHS budget documents also indicate that the Community Economic Development program created 3,636 jobs during FY2007, compared with 3,463 in FY2006 and 3,314 and 3,187 in FY2005 and FY2004, respectively.

**Job Opportunities for Low-Income Individuals (JOLI).** JOLI is permanently authorized under the Family Support Act of 1988 (P.L. 100-485, Section 505), as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193, Section 112).<sup>4</sup> Although JOLI is not

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<sup>4</sup> JOLI is one of several — mostly larger — programs that would have been covered by a broad waiver authority proposed by the Bush Administration as part of its welfare reform initiative. The waiver was included in various versions of welfare reform legislation in the  
(continued...)

authorized under the CSBG Act, it is funded and administered as one of the CSBG-related activities. JOLI funds are awarded on a competitive basis to community based, non-profit and tax-exempt organizations, including community development corporations, faith-based, charitable, and tribal organizations. Organizations awarded grants must demonstrate and evaluate ways of creating new employment opportunities with private employers for individuals who receive TANF and for other individuals whose family income level does not exceed 100% of the official poverty guidelines. Examples of these projects include self-employment and micro-enterprise, new businesses, expansion of existing businesses, or creating new jobs or employment opportunities. Funds for this project cannot be used for new construction or for the purchase of real property.

During FY2007, HHS supported 10 grants, all of which were new starts, plus four contracts and two interagency agreements, according to agency budget documents. In FY2008, the Department also expected to support 10 new grants, four contracts and two interagency agreements. HHS budget documents indicate that JOLI created 300 jobs in FY2007, compared with 360 in FY2006 and 300 and 275 in FY2005 and FY2004, respectively.

**Rural Community Facilities.** Funds are for grants to public and private nonprofit organizations for rural housing and community facilities development projects to train and offer technical assistance on the following: home repair to low-income families, water and waste water facilities management, and developing low-income rental housing units.

During FY2007, HHS supported nine grants, all of which were continuation grants, plus 3 contracts and two interagency agreements, according to agency budget documents. In FY2008, the Department expected to support the same level of program activity. HHS budget documents indicate that the Rural Community Facilities program served 2,306 communities in FY2007, which is the same number served for the previous three fiscal years.

**National Youth Sports Program.** Under this program, a grant traditionally was made to a single organization, namely the National Collegiate Athletic Association (NCAA), to provide recreational and instructional services for low-income youth, typically on college campuses. In FY2005, one award was made, and no funding has been provided since that year. The program remains alive, however, and is currently administered by the non-profit National Youth Sports Corporation with support from the USDA summer food service program and in-kind assistance from the NCAA.<sup>5</sup>

**Community Food and Nutrition Program.** This program authorized grants to public and private nonprofit organizations to coordinate food assistance

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<sup>4</sup> (...continued)

107<sup>th</sup> through 109<sup>th</sup> Congresses but not in the final law (P.L. 109-171). See CRS Report RS21219, “*Superwaiver*” *Proposals in Current Welfare Reform Debate*, by Karen Spar.

<sup>5</sup> See the following website for current information on the National Youth Sports Program: [http://www.nyscorp.org/nysp/home.html].

resources, to help identify potential sponsors of child nutrition programs and to initiate programs in areas with inadequate food assistance resources, and to develop innovative approaches at the state and local level to meet the nutritional needs of low-income people. Authorizing legislation required that 60% of the amount appropriated (up to \$6 million) must be allocated to states for statewide programs and that 40% must be awarded on a competitive basis. Amounts appropriated in excess of \$6 million were allotted as follows: 40% awarded to eligible agencies for statewide grants; 40% awarded on a competitive basis for local and statewide programs; and 20% awarded on a competitive basis for nationwide programs, including programs benefitting Native Americans and migrant farm workers.

FY2005 funding for this program was expected to support 104 new grants, one contract, and two interagency agreements. No funding has been provided for this program since FY2005.

**Individual Development Accounts.**<sup>6</sup> The Assets for Independence Act (Title IV, P.L. 105-285) initially provided for a five-year demonstration initiative to encourage low-income people to accumulate savings. Individual Development Accounts (IDAs) are dedicated savings accounts that can be used for specific purposes, such as buying a first home, paying for college, or starting a business. Contributions are matched, and participants are given financial and investment counseling. To conduct the demonstration, grants are made to public or private nonprofit organizations that can raise an amount of private and public (nonfederal) funds that is equal to the federal grant; federal matches into IDA cannot exceed the non-federal matches. The maximum federal grant is \$1 million a year.

According to Administration budget documents, in FY2007 the program supported 59 new grants, 10 contracts and two interagency agreements. In FY2008, HHS expected to support 60 new grants, seven contracts and three interagency agreements. According to the most recent outcome data included in HHS budget documents, 36,077 IDAs were opened under the program in FY2006, and a cumulative total of \$31.5 million in participant savings had been deposited into IDA accounts. HHS reports that more participants are using the program to withdraw smaller amounts for educational purposes, rather than larger amounts for help in buying a home.

The Assets for Independence Act expired at the end of FY2003, although Congress has continued to provide appropriations for the IDA program under this authority.

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<sup>6</sup> For more information on IDAs, see CRS Report RS22185, *Individual Development Accounts (IDAs): Background and Current Legislation for Federal Grant Programs to Help Low-Income Families Save*, by Gene Falk.

## Administration Proposals

### Zero Funding Request for FY2007, FY2008, and FY2009

In each of its FY2007 through FY2009 budget proposals, the Administration requested no further funding for the CSBG or any related activities (with the sole exception of IDAs). As rationale for terminating the CSBG, the Administration stated that the program lacked performance measures and did not hold grantees accountable for program results.<sup>7</sup> The Administration further argued that the program lacked competition “as evidenced by the same grantees receiving funding year after year” and that grantees had “little incentive to improve their performance since they are not held to minimum performance standards as a condition for continued grant awards.”<sup>8</sup> HHS noted that CSBG received a “Results Not Demonstrated” rating in 2003 by the Program Assessment Rating Tool, although it also said that in response to this rating, the program was restructuring its monitoring and evaluation to improve state and local administration, accountability, and outcomes.<sup>9</sup> The Administration further justified its zero-funding request by stating that key CSBG services such as employment, housing, nutrition, and health care were provided by other federal programs.<sup>10</sup>

Similar arguments were advanced to justify no further funding for Community Economic Development, Rural Community Facilities, and JOLI. According to Administration budget documents, these activities lacked performance standards “to assess their impact, are too narrowly focused to have a major benefit, duplicate other Federal programs, and award grants on a noncompetitive basis.”<sup>11</sup>

### Strengthening America’s Community Initiative (SACI)

President Bush’s FY2006 budget request included a proposal to eliminate 18 existing community and economic development programs and replace them with a new “Strengthening America’s Communities Initiative.”<sup>12</sup> Programs that would have

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<sup>7</sup> Administration for Children and Families, HHS, appropriations justifications, FY2007, FY2008, and FY2009.

<sup>8</sup> Office of Management and Budget, *Major Savings and Reforms in the Administration’s 2008 Budget*, p. 49.

<sup>9</sup> For a discussion of the PART assessment process, see CRS Report RL32663, *The Bush Administration’s Performance Rating Assessment Tool (PART)*, by Clinton Brass. Also see discussion later in this report, under “Government Accountability Office (GAO) Review,” for information about recent HHS improvements to its monitoring process in response to recommendations from GAO.

<sup>10</sup> Office of Management and Budget, *The Budget for Fiscal Year 2007*, p. 118, and *Major Savings and Reforms in the Administration’s 2008 Budget*, p. 49.

<sup>11</sup> Office of Management and Budget, *Major Savings and Reforms in the Administration’s 2008 Budget*, p. 50.

<sup>12</sup> See CRS Report RL32823, *An Overview of the Administration’s Strengthening America’s* (continued...)

been included were the Community Services Block Grant and some of the related activities discussed in this report. In conjunction with the SACI proposal, the Administration requested no separate funding in FY2006 for CSBG, Community Economic Development, JOLI, or Rural Community Facilities.

Programs that would have been included in the proposed SACI were administered by various federal agencies, including HHS and the Department of Housing and Urban Development (HUD); however, the Administration proposed to base the new initiative in the Department of Commerce. The President requested \$3.7 billion for FY2006 to fund SACI; programs that would have been included were funded in FY2005 at an estimated total of \$5.6 billion. The largest program proposed for inclusion was HUD's Community Development Block Grant (CDBG), funded in FY2005 at \$4.1 billion.

Three separate congressional committees held hearings on the SACI proposal, including the House Government Reform Subcommittee on Federalism and the Census (March 1, 2005), the House Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings and Emergency Management (March 17, 2005), and the House Financial Services Committee (April 6, 2005). In general, the congressional response was not enthusiastic. In reporting the FY2006 budget resolution (H.Con.Res. 95), the House Budget Committee stated: "Community Services Block Grants provide invaluable assistance to low-income families and communities. These funds are used to build healthy and stable communities. Due consideration should be given to this program before Congress implements any changes." Formal legislation to establish the SACI initiative was not submitted or introduced during the 109<sup>th</sup> Congress.

In its FY2007 budget request, the Administration proposed a modified version of the Strengthening America's Communities Initiative, which would have reformed certain programs but maintained them at their current agencies. Most notably, the Community Development Block Grant would remain at HUD. This version of SACI, however, contained no mention of Community Services Block Grants or the related programs discussed in this report. Rather, as discussed above, the Administration proposed to eliminate CSBG and related activities altogether.

Separate from the SACI proposal, the Administration requested no funding in FY2006 for two additional CSBG-related activities — the National Youth Sports Program and the Community Food and Nutrition Program — stating that they duplicated activities that could be provided by such programs as the Social Services Block Grant or those administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service. As described later in this report, under "Recent Appropriations History," Congress rejected the SACI proposal and chose to continue separate funding in FY2006 for the CSBG, Community Economic Development, and Rural Community Facilities. However, as requested by the Administration, no funding was provided for National Youth Sports or Community Food and Nutrition.

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<sup>12</sup> (...continued)

*Communities Initiative*, coordinated by Eugene Boyd.

## Request for IDAs

As noted earlier, Individual Development Accounts, authorized by the expired Assets for Independence Act, were the only CSBG-related activity for which the Administration requested funding in either FY2006, FY2007, FY2008, or FY2009. The President's budget for FY2009 requested \$24 million for this program, which was the same level provided in FY2008. HHS budget documents stated that the program received an "Adequate" PART assessment in 2004, and that the Department supported reauthorization of the program and would pursue efforts — both administratively and in legislation — to improve program flexibility, encourage program simplification, and increase participation eligibility. No legislation has been introduced in the 110<sup>th</sup> Congress to reauthorize the Assets for Independence Act and IDA program.

## Government Accountability Office (GAO) Review

The Government Accountability Office (GAO) released a report on the CSBG program in July 2006, which was originally requested by the House Education and the Workforce Committee<sup>13</sup> in April 2005.<sup>14</sup> GAO's review focused on three topics related to program monitoring and training and technical assistance: (1) HHS compliance with legal requirements and standards governing its oversight of state efforts to monitor local CSBG grantees; (2) efforts by states to monitor local grantee compliance with fiscal requirements and performance standards; and (3) targeting by HHS of its training and technical assistance funds and the impact of such assistance on grantee performance.<sup>15</sup>

GAO concluded that the Office of Community Services (OCS, the office within HHS that is charged with administering the CSBG) "lacks effective policies, procedures, and controls" to ensure its own compliance with legal requirements for monitoring states and with federal internal control standards. GAO found that OCS had visited states as mandated by law but failed to issue reports to the states after the visits or annual reports to Congress, which also are mandated by law. OCS failed to meet internal control standards because their monitoring teams lacked adequate financial expertise; moreover, OCS lost the documentation from the monitoring visits to states. Finally, OCS was not systematic in its selection of states to visit, and did

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<sup>13</sup> The House Education and the Workforce Committee was renamed the Education and Labor Committee in the 110<sup>th</sup> Congress.

<sup>14</sup> The Senate Appropriations Committee cited this GAO report in its reports on the FY2008 and FY2009 HHS appropriations bills (S.Rept. 110-107 and S.Rept. 110-410). See "Recent Appropriations History" for more details, later in this report.

<sup>15</sup> *Community Services Block Grant Program: HHS Should Improve Oversight by Focusing Monitoring and Assistance Efforts on Areas of High Risk*, GAO-06-627, U.S. Government Accountability Office, June 2006. GAO had revealed some of the findings of this review in February 2006 in a letter submitted to HHS ("Community Services Block Grant Program: HHS Needs to Improve Monitoring of State Grantees," letter to Wade F. Horn, Assistant Secretary for Children and Families, Department of Health and Human Services, from the U.S. Government Accountability Office, February 7, 2006).



not use available information on state performance or collect other data to allow more effective targeting of its limited monitoring resources on states at highest risk of management problems.

In connection with its assessment of state efforts to monitor local grantees, GAO visited five states and found wide variation in the frequency with which they conducted on-site monitoring of local grantees, although officials in all states said they visited agencies with identified problems more often. States also varied in their interpretation of the law's requirement that they visit local grantees at least once in a three-year period, and GAO noted that OCS had issued no guidance on this requirement. States reported varying capacities to conduct on-site monitoring and some states cited staff shortages; however, the states all performed other forms of oversight in addition to on-site visits, such as review of local agency reports (e.g., local agency plans, goals, performance data, and financial reports) and review of annual Single Audits where relevant. Several states coordinated local oversight with other federal and state programs, and also used state associations of Community Action Agencies to help provide technical assistance.

GAO found, with regard to federal training and technical assistance funds, that OCS targeted at least some of these funds toward local agencies with identified financial and program management problems, but generally was not strategic in allocating these funds and had only limited information on the outcome of providing such training and technical assistance.

GAO made five recommendations to OCS in its report (and HHS indicated its agreement and intent to act upon these recommendations). According to GAO, OCS should

- conduct a risk-based assessment of states by systematically collecting and using information;
- establish policies and procedures to ensure monitoring is focused on the highest-risk states;
- issue guidance to states on complying with the requirement that they monitor local agencies during each three-year period;
- establish reporting guidance for training and technical assistance grants so that OCS receives information on the outcomes for local agencies that receive such training or technical assistance; and
- implement a strategic plan for targeting training and technical assistance in areas where states feel the greatest need.

## HHS Response

HHS took a series of steps in response to the GAO report. On October 10, 2006, HHS issued an information memorandum to state agencies responding to GAO's third recommendation and providing guidance on compliance with the statutory requirement that states conduct a full on-site review of each eligible entity

at least once during every three-year period.<sup>16</sup> Subsequently, on March 1, 2007, HHS issued another information memorandum, responding to GAO's first two recommendations and providing a schedule of states that will receive federal monitoring in each of the next three years (FY2007-FY2009).<sup>17</sup>

The October memorandum explained that states were selected through a process intended to identify states that would receive the most benefit from federal monitoring visits. This process considered the extent to which eligible entities in the state were considered vulnerable or in crisis; the physical size of the state, its number of eligible entities, and the number of state personnel assigned to the CSBG program; the extent of poverty in the state compared to the number of eligible entities and state CSBG personnel; the number of clients served compared to the number of eligible entities and state CSBG personnel; evidence of past audit problems; and tardiness by the state in submitting CSBG state plans to HHS or responses to information surveys conducted by the National Association of State Community Services Programs.<sup>18</sup>

On August 23, 2007, HHS announced the development of a CSBG state assessment tool to help states prepare for federal monitoring.<sup>19</sup> On September 6, 2007, HHS issued a strategic plan for the CSBG program, which is intended to describe training, technical assistance, and capacity-building activities and promote accountability within the CSBG.<sup>20</sup>

## Reauthorization

In the 109<sup>th</sup> Congress, Representative Osborne introduced H.R. 341, the Improving the Community Services Block Grant Act, which was virtually identical (except for dates) to legislation passed by the House during the 108<sup>th</sup> Congress (H.R. 3030).<sup>21</sup> H.R. 341 would have reauthorized the CSBG and related activities through FY2012, and was referred to the House Education and the Workforce Committee (renamed the Education and Labor Committee in the 110<sup>th</sup> Congress), where no action occurred. (See "Recent Developments," at the beginning of this report, for

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<sup>16</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 97, dated 10/10/06: [<http://www.acf.hhs.gov/programs/ocs/csbg/documents/10h.html>].

<sup>17</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 98, dated 3/1/07: [<http://www.acf.hhs.gov/programs/ocs/csbg/documents/im98.html>]. The monitoring schedule was subsequently revised by OCS Information Memorandum Transmittal No. 105, dated December 21, 2007, which now covers FY2008-FY2010: [[http://www.virtualcap.org/cmsContent/files/OCS\\_IM\\_105\\_12\\_21\\_07.pdf](http://www.virtualcap.org/cmsContent/files/OCS_IM_105_12_21_07.pdf)].

<sup>18</sup> See discussion of this survey earlier in this report.

<sup>19</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 102, dated 8/23/07: [[http://www.virtualcap.org/cmsContent/files/OCS\\_IM\\_102\\_08\\_23\\_07.pdf](http://www.virtualcap.org/cmsContent/files/OCS_IM_102_08_23_07.pdf)].

<sup>20</sup> Office of Community Services (OCS) Information Memorandum, Transmittal No. 103, dated 9/6/07: [[http://www.virtualcap.org/cmsContent/files/OCS\\_IM\\_103\\_09\\_06\\_07.pdf](http://www.virtualcap.org/cmsContent/files/OCS_IM_103_09_06_07.pdf)].

<sup>21</sup> H.R. 3030 contained an unrelated unemployment compensation provision, which was not included in H.R. 341.

discussion of a Government Accountability Office review of CSBG, which was requested by the committee shortly after the legislation was introduced.) In his introductory remarks, Representative Osborne noted key provisions of H.R. 341, such as promoting increased quality and accountability of CSBG programs, encouraging initiatives to improve conditions and eliminate barriers to self-sufficiency in rural areas, and providing youth mentoring services to address education needs and crime.

Other provisions of H.R. 341 would have

- changed the definition of the “eligible entity” by requiring such entities to establish and meet local goals as well as state goals, standards and requirements;
- required that a state take swift action to improve the performance or terminate funding of low-performing eligible entities or ones that failed to meet local and state requirements;
- provided that a state justify to the Secretary its continued support of low-performing eligible entities;
- required a state to use funds to improve economic conditions and remove barriers to self-sufficiency for the rural poor;
- required a local eligible entity to establish goals for reducing poverty in the community;
- based subsequent grant awards on the success or failure of an eligible entity in meeting goals;
- prohibited a religious organization providing services under provisions of this act from discriminating against a person seeking assistance because of religion or a religious belief;
- required the Secretary to establish procedures that would allow grant funds or intangible assets acquired with grant funds to become the sole property of the grantee if the grantee agrees to continue to use the funds or property for the purposes for which the grant was provided;
- added water and wastewater facility needs to activities allowed for rural community development; and
- added improvement of academic achievement to the goals of national or regional programs designed to provide instruction activities.

During the 108<sup>th</sup> Congress, the committee reported and the House passed legislation, H.R. 3030 (virtually identical to H.R. 341 in the 109<sup>th</sup> Congress), while the Senate passed S. 1786, the Poverty Reduction and Prevention Act. Conferees never met to resolve differences in the two bills. Both bills in the 108<sup>th</sup> Congress would have reauthorized CSBG and related programs at such sums as necessary, except for the National Youth Sports Program, which would have been reauthorized at \$15 million annually by the House bill and \$18 million by the Senate bill. The following compares provisions of H.R. 3030 and S. 1786 from the 108<sup>th</sup> Congress; readers should note that H.R. 341, introduced in the 109<sup>th</sup> Congress, contained the same provisions as H.R. 3030.

**Program Goals.** H.R. 3030 and S. 1786 contained similar provisions concerning goals of eligible entities. H.R. 3030 would have required entities to

establish and meet locally determined goals for reducing poverty in the community. It would also have added “improving academic achievement” to the list of required goals. Both bills would have required an entity to include goals for leveraging community resources, fostering coordination of federal, state, local, private and other assistance, and promoting community involvement.

S. 1786 would have provided that grants to states support both improving the causes of poverty and the conditions that cause poverty. The measure would have revised the poverty line determination; it would have allowed a state to raise its eligibility threshold to a minimum of 125% of the federal poverty line or a maximum of 60% of state median income; however, the state would have had to give priority to serving individuals with the lowest income who sought services. Also, S. 1786 would have made a tripartite board the sole mechanism for determining consideration of eligible entities, and thus would have eliminated current provisions that allow a state to specify another mechanism for doing so. H.R. 3030 did not contain provisions concerning the poverty eligibility threshold or the role of a tripartite board in determining an eligible entity.

**State Plan Requirements.** H.R. 3030 and S. 1786 would have revised state application and plan requirements. H.R. 3030 would have specified that youth development activities may include mentoring programs. The bill also would have added, as a use of funds to be included in the state plan, “initiatives to improve economic conditions and mobilize new resources in rural areas to eliminate obstacles to the self-sufficiency of families and individuals in rural communities.” S. 1786 would have revised the current state plan provisions by requiring not only that the Secretary review the plan but also approve it. Among information for inclusion in a state’s plan submitted to the Secretary was an assurance that grant funds would be used for the following purposes: to improve literacy, communications, and technical skills of participant low-income families; for initiatives to assist those moving from welfare to work to obtain jobs at decent wages with benefits; for initiatives to increase the development of household assets of individuals (such as individual development accounts and home-ownership opportunities); to improve economic conditions and mobilize new resources in rural and other at-risk areas to eliminate obstacles to the self-sufficiency of persons in those communities, and for initiatives to reduce the concentration of poverty in cities and inner suburbs and provide economic opportunities for persons in those areas; and in support of partnerships with nonprofit or community-based organizations that address child abuse prevention, including programs that are school-based and that focus on adolescent victims, and victimizers.

**Training and Technical Assistance.** Both bills contained training and technical assistance provisions. H.R. 3030 would have added “dissemination regarding best practices” to the use of funds by the Secretary. S. 1786 would have revised training and technical assistance provisions by devising, in consultation with national and state networks of eligible entities, a strategic plan for annual technical assistance; and would have improved management information and reporting systems by developing a common state financial and organizational protocol.

**Grantee Funding Reduction or Termination.** Provisions relating to reducing or terminating funding for eligible entities were included in H.R. 3030 and

S. 1786. H.R. 3030 would have allowed, but not required, the Secretary to review determinations by a state to reduce or terminate funding to an eligible entity. Further, the bill would have amended the definition of “cause” in the case of a funding reduction to include failure to meet poverty reduction goals. States would have been required to give priority to entities that received funding on the date of enactment, if they fulfilled their poverty reduction goals. If no entity was entitled to such priority, the state would designate another entity from qualified applicants. H.R. 3030 also would have required states to replace the lowest performing existing grantees beginning in FY2005. S. 1786 would have established procedures for termination of designation as an eligible entity or reduction of funding by giving eligible entities a right to a public hearing on a state decision; changing from 90 to 30 days the time frame within which the Secretary must have made a determination concerning a state’s decision to terminate or to reduce funding for an eligible entity; and requiring the Secretary to continue funding the entity at its previous year’s level until a decision was made on a state’s action.

**Grantee Monitoring and Fiscal Controls.** Both measures would have amended current provisions of the CSBG Act relating to monitoring eligible entities. H.R. 3030 would have required federal reviews to determine whether local performance goals were being met. S. 1786 would have changed current law requirements for full on-site federal reviews of eligible entities every three years to a biennial basis. In addition, S. 1786 would have required an annual follow-up visit to entities that failed to meet state-established goals.

S. 1786 would have addressed fiscal controls by requiring states to submit a separate audit of CSBG funds to the Secretary covering disbursements to eligible entities, use of state administrative funds, and disbursement of state discretionary funds; H.R. 3030 contained no such provisions. S. 1786 would have authorized the Secretary to withhold administrative funds from states that were not in compliance with the CSBG Act and provide funds directly to the eligible entities. H.R. 3030 and S. 1786 would have provided that funding be directed at improving the self-sufficiency of families and individuals in rural communities.

Both H.R. 3030 and S. 1786 contained similar provisions that would have authorized the Secretary to allow grantees to keep assets obtained with program funds. H.R. 3030 would have allowed the Secretary to add water and waste water treatment to the list of community facility needs. H.R. 3030 would have allowed funds to be used for construction or substantial rehabilitation of buildings and facilities and for loans or investments in private business enterprises owned by community development corporations. S. 1786 would have authorized the Secretary to allow funds for long-term loans or investments for private business enterprises, capital to businesses owned by community development corporations, and marketing and management assistance for businesses providing jobs and business opportunities to low-income individuals.

**Faith-Based Organizations.** Another key provision of H.R. 3030 and S. 1786 related to the participation of faith-based organizations in CSBG-funded programs. H.R. 3030 would have prohibited discrimination against a beneficiary or potential beneficiary of the program on the basis of religion. S. 1786 would have added religion to current provisions of the CSBG Act that prohibit exclusion of a

person from program participation based on color, national origin, sex, or age. S. 1786 also would have amended current law, which requires government agencies to consider participation of religious organizations on the same basis as other nongovernmental organizations, to require religious organizations to meet requirements of the act.

There was debate on H.R. 3030 both in the House Committee on Education and the Workforce and on the House floor on provisions in current law that allow a religious organization to discriminate in hiring. The Committee defeated an amendment that would have prevented a grantee from using religion as a basis for discriminating against a job applicant and agreed to one that would have prohibited a religious organization from using religion or a religious belief as a basis for discriminating against a person *seeking program services*.

After considering a number of amendments, the House passed H.R. 3030 on February 4, 2004. The House rejected H.Amdt. 459 (Woolsey) in the nature of a substitute that would have prohibited organizations from using CSBG funds to discriminate in hiring on the basis of religion. The House rejected both H.Amdt. 460 (Robert Scott) which would have required organizations to separate their religious services or activities from programs that used CSBG funds and H.Amdt. 461 (Robert Scott) which would have prohibited the use of federal CSBG funds to discriminate in hiring based on religion. (See CRS Report RL32736, *Charitable Choice Rules and Faith-Based Organizations*, by Joe Richardson, for a discussion of these rules and the CSBG.)

## Recent Appropriations History

### FY2009

The House Labor-HHS-Education Appropriations Subcommittee approved a draft FY2009 funding bill on June 19, 2008, that would have increased funds for CSBG and two related activities. The full House Appropriations Committee met but did not complete action on this bill on June 26, 2008. As approved by the subcommittee, the measure would have provided \$700 million for the CSBG in FY2009 (a \$46 million increase from the FY2008 level), \$36 million for Community Economic Development (a \$4.5 million increase), \$10 million for Rural Community Facilities (a \$2.1 million increase), and level funding for JOLI and IDAs. The draft committee report stated that “the CSBG is more important than ever, with unemployment and poverty increasing due to the struggling economy and the number of low-income individuals and families in need of assistance rising as a consequence.”<sup>22</sup> The draft report directed that \$500,000 of training and technical assistance funds be used for a national community economic development training and capacity development initiative that would provide CAA leaders with the

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<sup>22</sup> Unnumbered draft House Appropriations Committee report, reflecting actions of the Subcommittee on Labor-HHS-Education on FY2009 spending bill: [<http://www.cq.com/flatfiles/editorialFiles/budgetTracker/reference/docs/20080626lhreport.pdf>].

necessary professional skills to finance and implement innovative housing, economic, and community development partnerships.

The Senate Appropriations Committee reported its version of the FY2009 funding bill for the Departments of Labor, HHS, and Education on July 8, 2008 (S. 3230, S.Rept. 110-410). The Senate committee would have maintained CSBG and all related activities at their FY2008 funding levels, except for Rural Community Facilities, which would have received \$8.5 million (a \$600,000 increase). The Senate committee noted “the importance of Community Action Agencies (CAAs) as institutions that organize low-income communities to identify emerging challenges to economically insecure Americans and subsequently to mobilize the resources, programs and partnerships needed to address local poverty conditions.” The report further stated that “CSBG is a unique Federal resource that supports CAAs while they initiate creative responses to local poverty conditions and seek new sources of support and investment to implement their initiatives. The Committee believes that CSBG funding is an investment, analogous to venture capital, in the future of low-wage workers, retirees and their families.”

In its report, the Senate Committee faulted the Office of Community Services within HHS for failing to report on progress made in correcting the deficiencies in program oversight identified by GAO (see earlier discussion of GAO report). The committee also noted that OCS did not comply with a directive included in the conference report on the FY2005 appropriation, regarding the implementation of a training and technical assistance needs assessment and delivery plan in consultation with CSBG state and local grantees. The committee further stated that OCS should develop and deliver professional skills training for CAA leaders so they can finance and implement innovative housing, economic and community development partnerships (similar to language in the draft House report); that OCS should support linkages between local agencies, national organizations, and academic institutions that would disseminate research on effective responses to poverty; and finally, that OCS should continue funding statewide CAA associations to continue and expand cost-effective training and other capacity-building services for members.

Both the draft House and the Senate committee-approved FY2009 bills contained language intended to clarify congressional intent with regard to the disposition of intangible assets, including loans and investments, acquired under the Community Economic Development program.

The 110<sup>th</sup> Congress did not finalize action on an FY2009 spending bill for the Departments of Labor, HHS, and Education. On September 30, 2008, President Bush signed into law a government-wide continuing resolution (P.L. 110-329) that maintains funding for the CSBG and related programs at their FY2008 levels through March 6, 2009.

See **Table 1** for a comparison of FY2009 levels approved by the Senate Appropriations Committee and House Labor-HHS-Education Appropriations Subcommittee with funding levels of earlier years.

## FY2008

The House on July 19, 2007, passed H.R. 3043 (Labor-HHS-Education Appropriations Act for FY2008), which would have provided \$660.4 million for the CSBG, for a \$30 million increase above the FY2007 and FY2006 levels. The House bill also would have increased funding for Community Economic Development by nearly \$6 million, from \$27.02 million to \$32.7 million, and provided a small increase for Rural Community Facilities. JOLI and IDAs would have been maintained at current levels.

The Senate Appropriations Committee on July 13, 2007, reported its version of the FY2008 funding bill (S. 1710), including \$670.4 million for the CSBG, for a \$40 million increase. The full Senate then passed H.R. 3043 on October 23, after substituting the language of the committee-reported S. 1710. The Senate bill would have maintained Community Economic Development at its current level, rather than the higher level approved by the House, but would also have provided the same small increase for Rural Community Facilities. As in the House bill, the Senate would have maintained JOLI and IDAs at their current levels.

In its report on the FY2008 funding bill (S.Rept. 110-107), the Senate Appropriations Committee cited the recent GAO findings related to training and technical assistance for states and grantees under the CSBG. The Committee instructed HHS to make better use of funds reserved for training and technical assistance and to ensure these funds only go to help state grantees and eligible entities, or their associations, and not to support federal administrative costs. The Committee also requested that HHS report back on the results of its training and technical assistance activities at the end of each grant period. FY2008 funding for training and technical assistance should support, among other things, a system for rating the quality and effectiveness of training and technical assistance activities; technical assistance to help establish and assess voluntary local agency performance benchmarks; and a system for effectively responding to needs identified through program monitoring or corrective action plans.

President Bush on November 13 vetoed a House-Senate compromise version of H.R. 3043 (H Rept. 110-424). The compromise would have funded the CSBG at \$665.43 million and would have provided the higher levels for Community Economic Development and Rural Community Facilities. JOLI and IDAs would have remained at current levels. However, on December 26, President Bush signed into law the Consolidated Appropriations Act for FY2008 (P.L. 110-161), containing increases for the CSBG, Community Economic Development, and Rural Community Facilities, and slight decreases for JOLI and IDAs. P.L. 110-161 included a 1.747% across-the-board reduction for programs in the Departments of Labor, HHS, and Education.

## FY2007

**Continuing Resolution.** Like much of the federal government, CSBG and related activities were funded through FY2007 at their FY2006 levels under a continuing resolution (P.L. 110-5). This continuing resolution was made necessary



because the 109<sup>th</sup> Congress did not complete action on certain regular appropriations bills for FY2008.

**House Action in the 109<sup>th</sup> Congress.** As described earlier, the Administration requested no funding for the CSBG or any related activities in FY2007, except for IDAs. In response to this request, the House Labor-HHS-Education Appropriations Subcommittee approved legislation on June 7, 2006, that would have continued funding for CSBG, but at a reduced level. Specifically, the subcommittee would have provided \$430.4 million for the CSBG in FY2007, for about a one-third reduction from its FY2006 level. This amount was increased by \$19 million when the full Appropriations Committee reported the FY2007 spending bill with a total of \$449 million for the block grant (H.R. 5647). In its report on the bill (H.Rept. 109-515), the House Committee acknowledged the funding reduction for the block grant and expressed concern about the impact of this reduction on rural areas. “Rural areas depend on these funds to provide the infrastructure to deliver antipoverty activities. Therefore, the committee encourages the authorizing Committee of jurisdiction [i.e., the House Education and Labor Committee] to review the funding allocations for the Community Services Block Grant to ensure that limited funding is reaching those areas with the greatest need.”

The subcommittee and full committee rejected Administration proposals to eliminate two national activities and instead would have provided the same level of funding as available in FY2006 for Community Economic Development and Rural Community Facilities. As requested, however, no funding was recommended by either the subcommittee or full House Appropriations Committee for the JOLI program in FY2007. The IDA program would have been maintained at its FY2006 level.

**Senate Action in the 109<sup>th</sup> Congress.** The Senate Appropriations Committee reported its version of the FY2007 spending bill for Labor, HHS and Education on July 20, 2006, approving the same level of funding for CSBG and related activities (including JOLI) as they received for FY2006 (S. 3708). Explaining its decision regarding the block grant, the Senate Committee stated in its report (S.Rept. 109-287), “The Nation’s Community Action Agency network relies on CSBG funding to help initiate and administer programs designed to alleviate poverty. The universal characteristic of these CSBG-funded programs is that they provide people with the resources and the tools to become self-sufficient.”

## **FY2006**

An FY2006 appropriations for the Departments of Labor, HHS, and Education was enacted on December 30, 2005, and provided generally level funding for the CSBG and most related activities (P.L. 109-149). However, two long-standing national activities — the National Youth Sports Program (NYSP) and the Community Food and Nutrition Program (CFNP) — received no funding in this act, as proposed by the Administration. In their respective versions of the bill (H.R. 3010), the House chose to eliminate funding for CFNP while the Senate would have continued funding at the FY2005 level. Both the House and the Senate Appropriations Committee, in its reported version of H.R. 3010, chose to zero out funding for NYSP. The Senate approved a floor amendment offered by Senators

Domenici and Bayh, adding \$10 million for the program, but these funds were dropped in conference.

Under the spending law for FY2006, the following amounts were provided: CSBG, \$637 million; Community Economic Development, \$32.7 million (which includes \$5.4 million for the Job Opportunities for Low-Income Individuals program); \$7.4 million for Rural Community Facilities; and \$24.7 million for Individual Development Accounts. Also enacted on December 30, 2005, however, was the FY2006 appropriations law for the Department of Defense (P.L. 109-148), which included a mandatory 1% across-the-board rescission from all non-emergency discretionary appropriations provided for FY2006.

**Table 1. Funding for CSBG and Related Activities,  
FY2005-FY2009**  
(\$ in millions)

Program	FY2005 <sup>a</sup>	FY2006 <sup>b</sup>	FY2007	FY2008 <sup>c</sup>	FY2009 Senate Comm.	FY2009 House Subcomm. <sup>d</sup>	FY2009 Cont. Res. <sup>e</sup>
Block Grant	636.79	629.99	630.43	653.80	653.80	700.00	653.80
Community Economic Development	27.30	27.00	27.02	31.47	31.47	36.00	31.47
Job Opportunities for Low- Income Individuals (JOLI)	5.44	5.38	5.38	5.29	5.29	5.29	5.29
Rural Community Facilities	7.24	7.29	7.29	7.86	8.50	10.00	7.86
National Youth Sports Program	17.86	0	0	0	0	0	0
Community Food and Nutrition	7.18	0	0	0	0	0	0
Individual Development Accounts	24.70	24.44	24.45	24.02	24.02	24.02	24.02
<b>Total</b>	<b>726.51</b>	<b>694.10</b>	<b>694.57</b>	<b>722.45</b>	<b>723.08</b>	<b>775.31</b>	<b>722.45</b>

**Source:** Table prepared by the Congressional Research Service (CRS). Sources of data are agency budget justifications and congressional appropriations documents.

- a. Funding reflects a 0.80% across-the-board rescission as mandated by the Consolidated Appropriations Act, 2005 (P.L. 108-447).
- b. Funding reflects a 1% across-the-board rescission as mandated by the Defense Department Appropriations Act, 2006 (P.L. 109-148). See discussion above on “FY2006” appropriations for pre-rescission levels. Amounts shown also reflect transfers made by the Secretary of HHS. The *pre-transfer post-rescission* amounts were \$630.43 million for the block grant, \$32.40 million for Community Economic Development, and \$694.57 million for the total of programs shown in this table. Reductions in Rural Community Facilities and IDAs are negligible and masked by rounding.
- c. Funding reflects a 1.747% across-the-board reduction as mandated by the Consolidated Appropriations Act, 2008 (P.L. 110-161).
- d. Funding levels shown were approved by the House Labor-HHS-Education Appropriations Subcommittee, but the full House Appropriations Committee did not act on this legislation.
- e. Amounts shown are provided under P.L. 110-329, a government-wide continuing resolution that funds programs at their FY2008 levels through March 6, 2009. The Bush Administration requested no funding for any of the programs shown for FY2009, with the exception of Individual Development Accounts, for which \$24.02 million was requested.

## Appendix: CSBG and Hurricane Katrina

On September 2, 2005, in response to the damage caused by Hurricane Katrina, HHS sent an Information Memorandum to CSBG administrators, regional and state Community Action Associations, and local Community Action Agencies, urging them to take “immediate steps” to support families disrupted by the storm. Then-Assistant HHS Secretary Wade Horn suggested that all grantees, especially those in the affected areas, conduct a quick inventory of services and resources they could deploy to assist victims, including physical resources and the services of professionals such as doctors, social workers, mental health personnel and community workers. The memorandum also stated that CSBG funds could be used flexibly to cover the expanded services, and that declarations of eligibility could be adequate, at state option, since many affected individuals would lack identification and verifying materials. A subsequent information memorandum, dated October 6, 2005, provided more detailed guidance on determining eligibility of affected individuals and households for CSBG-funded services; described a new “evacuee designation status” for expediting access to benefits; described strategies for assisting individuals and families during the initial phases of relief and recovery; identified additional sources of support; and encouraged coordination and communication with emergency responders and service providers throughout the crisis assistance and recovery process.<sup>23</sup>

On September 21, 2005, Senators Enzi and Kennedy introduced the Community Services Disaster Assistance Act (S. 1745, 109<sup>th</sup> Congress), which would have reauthorized appropriations for CSBG through FY2006. The bill would have allowed states to transfer a portion of their CSBG allotments to Louisiana, Mississippi, or Alabama; would have authorized HHS to waive income eligibility rules under CSBG in Katrina-related emergency or disaster areas; and would have authorized CSBG grantees to send their staff to such areas to help provide disaster assistance. On November 16, 2005, the House passed the Hurricane Regulatory Relief Act (H.R. 3975, 109<sup>th</sup> Congress), a multi-purpose bill that would have authorized HHS to waive statutory deadlines for states to file CSBG applications and plans for up to 90 days; allowed states to temporarily fund alternative agencies when existing CSBG grantees in hurricane-affected areas were unable to provide services; and required states to consult with affected eligible entities before recapturing and redistributing unobligated funds. Like S. 1745, the House-passed bill would have allowed states to transfer a portion of their CSBG allotments to hurricane-affected states and would have authorized CSBG-funded staff from other states to deliver disaster assistance in hurricane-affected states, although the language in the two bills was not identical. No further action occurred on either bill in the 109<sup>th</sup> Congress.

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<sup>23</sup> Office of Community Services (OCS) Information Memoranda, Transmittal No. 90, dated September 2, 2005, and Transmittal No. 91, dated October 6, 2005; available online at [<http://www.acf.hhs.gov/programs/ocs/csbg/documents/10h.html>].